

LINE OF BUSINESS: Credit

LINE(S) OF INSURANCE

Credit Life and Health
Single Interest

CODES

28.0000
28.0002

Code: 28.0000

IF CHECKLIST IS NOT APPLICABLE, PLEASE EXPLAIN:

REVIEW REQUIREMENTS	REFERENCE	DESCRIPTION OF REVIEW STANDARDS REQUIREMENTS	LOCATION OF STANDARD IN FILING
GENERAL REQUIREMENTS FOR ALL FILINGS			
COPIES, RETURN ENVELOPES, ETC.	Procedures Manual for Non-SERFF filings	All filings must include a copy of the cover letter along with a self-addressed stamped envelope.	
COVER LETTER AND EXPLANATORY MEMORANDUM	Procedures Manual for Non-SERFF filings	All filings must include a cover letter and all filings except for new program filings must contain a filing memorandum that identifies and explains changes to previously filed policy forms, endorsements, rules, and rates by form number, rule number, and manual page number.	
EFFECTIVE DATE WORDING	MCLA 550.611	Said application or notice of proposed insurance shall state that, upon acceptance by the insurer, the insurance shall become effective as of the date the indebtedness is incurred.	
FILING SUBMISSION	MCLA 550.612	All policies, certificates of insurance, notices of proposed insurance, applications for insurance, binder, endorsements and riders shall be filed with the commissioner of the state in which the policy is issued.	

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LINE OF AUTHORITY	MCLA 550.619	All policies of credit life insurance and credit accident and health insurance shall be delivered or issued for delivery in this state only by an insurer authorized to do an insurance business therein, and shall be issued only through holders of licenses or authorizations issued by the commissioner.	
NO FILE OR FILING EXEMPTIONS	MCLA 550.612 and Bulletin 97-03	Forms must be filed for prior approval. These forms are NOT exempt from filing.	
THIRD PARTY FILERS AUTHORITY	Procedures Manual for Non-SERFF filings	General authority must be granted by letter from Insurance Company.	
GENERAL REQUIREMENTS FOR ALL FILINGS			
FORMS—POLICY PROVISIONS			
AMBIGUOUS & MISLEADING	MCLA 550.613	The commissioner within 30 days after the filing of all policies, certificates of insurance, notices of proposed insurance, applications for insurance, binders, endorsements and riders, in addition to other requirements of law, may disapprove any such form if the benefits provided therein are not reasonable in relation to the premium charge or if it contains provisions which are unjust, unfair, inequitable, misleading, deceptive or encourage misrepresentation of such policy.	

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APPLICATIONS	Administrative Rules R 550.202(5)	All information from applicants shall be obtained through questions contained in the application form, which shall not be in the loan agreement. Questions shall be clear and unambiguous. So far as possible, questions shall be designed to elicit a yes or no answer. Questions to applicants shall be based upon objective matters, such as the diagnosis or treatment of medical conditions. Questions shall not be based upon an applicant's subjective judgment of health conditions.	
Calculation of Unearned/Return Premium	R 550.213	The pro rata method shall be used for level term credit insurance and when premiums are collected other than on a single premium basis. The "Rule of 78" or "sum of the digits" method shall be used for coverage which reduces in equal amounts per month and when premiums are collected on a single premium basis. A combination of the pro rata method and the "Rule of 78" method or only the pro rata method shall be used for credit life insurance provided as a combination of level and decreasing term coverage and for credit accident and health insurance wherein the insured is covered for a constant maximum indemnity for a given period of time, after which the maximum indemnity begins to decrease in equal amounts per month.	
Minimum Retained Premium	R 550.209(4)	The minimum reserve basis for active lives on credit accident and health insurance shall be the amount of the premium refund available to the insured.	
Notice of Cancellation/Non-renewal	R 550.203	Termination notice thereof shall be given to the insured debtor not less than 30 days before the effective date of termination, except where replacement of the coverage by the same or another insurer in the same or a greater amount takes place without lapse of coverage.	

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Permissible Reasons for Cancellation	R 550.205	If the indebtedness is discharged due to renewal or refinancing before the scheduled maturity date, the insurance in force shall be terminated before any new insurance may be issued in connection with the renewed or refinanced indebtedness.	
	R 550.207	If a debtor prepays his or her indebtedness other than as a result of his or her death or through a lump sum disability payment under a credit insurance policy covering the debtor, Any credit life or accident and health insurance covering such indebtedness shall be terminated and an appropriate refund of the credit life insurance premium shall be made in accordance with R 550.113.	
Required Policy Period	MCLA 550.607	The term shall commence on the date when the debtor becomes obligated to the creditor, except that, where a group policy provides coverage with respect to existing obligations, the term shall commence on the effective date of the policy. The term of such insurance shall not extend more than 15 days beyond the scheduled maturity date of the indebtedness except when extended without additional cost to the debtor.	
	R 550.202(3)	Unless terminated earlier according to its terms, the open-end credit insurance shall remain in force until the account is cancelled.	
Return Premium	MCLA 550.618	In the event of termination of the insurance prior to the scheduled maturity date of the indebtedness, any refund of premium due shall be paid or credited promptly to the person entitled thereto.	
FORMS—POLICY PROVISIONS			

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CONTENT OF POLICIES	MCLA 550.611	A copy of the application or a notice of proposed insurance, signed by the debtor, shall include the name and home office address of the insurer, the name or names of the debtor, the rate of premium, and a brief description of the coverage provided, shall be delivered to the debtor at the time such indebtedness is incurred and within 30 days of the date upon which the indebtedness is incurred. It shall refer exclusively to insurance coverage, and shall be separate and apart from the loan, sale or other credit statement of account, instrument or agreement unless the information required by this section is set forth therein.	
	MCLA 500.609	Each individual policy or group certificate shall include the name and home office address of the insurer, and the identity by name or otherwise of the person or persons insured, the amount of payment separately in connection with credit life insurance and credit accident and health insurance if an identifiable charge is made to the debtor, a description of the coverage including any exceptions, limitations or restrictions, and shall state that the benefits shall be paid to the creditor to reduce or extinguish the unpaid indebtedness and, wherever the amount of insurance may exceed the unpaid indebtedness, that any such excess shall be payable to a beneficiary, other than the creditor, named by the debtor or to his estate.	

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DISCLOSURES	R 550.215	When a premium or identifiable charge is payable by a debtor for credit insurance coverage offered by a creditor, at the time such insurance is applied for, disclosures shall be made to the principal debtor and copies given and retained in accordance with state and federal law. The creditor shall also disclose the optional nature of the coverage, premium, or identifiable charge separately by type of coverage. These disclosures may be made in conjunction with any of the following: (a) The federal truth-in-lending disclosure. (b) A notice of proposed insurance. (c) The application for insurance	
EXCESS COVERAGE	MCLA 550.605	The amount of credit life insurance shall not exceed the indebtedness.	
EXCLUSIONS & LIMITATIONS			
Other	R 550.202(4)	When open-end credit insurance is provided, and where the policy contains a preexisting conditions exclusion permitted by the provisions of subrule 11(5) or subrule 12(2) of these rules, an insurer may apply a preexisting conditions exclusion to each advance under the open-end credit account.	
	R 550.202(8)	The statement in an application for insurance or notice of proposed insurance with respect to a preexisting conditions exclusion shall be printed in not less than 12-point type.	
	R 550.202(7)	Each individual policy or certificate of insurance shall contain a provision as follows: Limit on certain defenses: If evidence of insurability or eligibility was required respecting this coverage, the insurer was responsible for making any underwriting decision, including any decision respecting eligibility, based upon that evidence within 60 days of the application for insurance.	

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	R 550.206	A provision in an individual policy or a certificate that sets a maximum limit on total insurance benefits is operative only if a refund of premium charges has been made on the amount of insurance in excess of the maximum limit, if any, issued to the debtor within 90 days of the effective date of coverage.	
FORMS MISCELLANEOUS	MCLA 550.616	It is not lawful for the insurer to issue such forms or use them after the effective date of such withdrawal of approval.	
FORMS—POLICY PROVISIONS			
MINIMUM STANDARDS FOR CONTENT (POLICIES AND STANDARD FORMS)	MCLA 550.608	All credit life insurance and credit accident and health insurance sold shall be evidenced by an individual policy, or in the case of group insurance by a certificate of insurance, which individual policy or group certificate of insurance shall be delivered to the debtor.	
	MCLA 550.610	The individual policy or group certificate of insurance shall be delivered to the insured debtor at the time the indebtedness is incurred except as hereinafter provided.	
PRIOR APPROVAL	MCLA 550.614	No such policy, certificate of insurance, notice of proposed insurance, nor any application, binder, endorsement or rider, shall be issued or used until the expiration of 30 days after it has been so filed, unless the commissioner shall give his prior written approval thereto.	
FORMS—POLICY PROVISIONS			
TIMELINESS	MCLA 550.620	All claims shall be promptly reported to the insurer or its designated claim representative, and the insurer shall maintain adequate claim files. All claims shall be settled as soon as possible and in accordance with the terms of the insurance contract.	
RATE, RULE, RATING PLAN,			

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CLASSIFICATION, AND TERRITORY FILING REQUIREMENTS			
RATE, RULE, RATING PLAN, CLASSIFICATION, AND TERRITORY FILING REQUIREMENTS			
LOSS RATIO STANDARDS	R 550.214	Minimum loss ratio (MLR) is .60.	
PRICING	R 550.210	Under section 13 of the act, benefits provided by credit insurance policies shall be reasonable in relation to the premium charged. This requirement is deemed to be satisfied if a premium rate not exceeding the prima facie rate is charged.	
Charges	R 550.210	If no specific charge is made to the debtor for credit insurance, the deviation standards of R 550.114 are not required to be used, but any premium rates resulting from such standards as are used which exceed the premium rate standards set out in R 550.111 and R 550.112 shall be filed with the commissioner.	
Payment Plans	MCLA 550.606	The amount of periodic indemnity payable by credit accident and health insurance in the event of disability, as defined in the policy, shall not exceed the aggregate of the periodic scheduled unpaid installments of indebtedness and shall not exceed the original indebtedness divided by the number of periodic installments.	

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Other Fees	R 550.204	If the creditor adds identifiable insurance charges or premiums for credit insurance to the indebtedness, and any direct or indirect finance, carrying, credit, or service charge is made to the debtor on such insurance charges or premiums, the creditor shall remit, and the insurer shall collect, such premium within 60 days after it is added to the indebtedness. However, this time limit may be extended a reasonable amount of time, not to exceed 60 days if, due to the processing of the premium data, the creditor is unable to remit such premium to the insurer within the 60 days.	
RATE, RULE, RATING PLAN, CLASSIFICATION, AND TERRITORY FILING REQUIREMENTS			
RATE RANGES			
RATING PLAN REQUIREMENTS	R 550.211	Credit life insurance prima facie rates	
	R 550.212	Credit accident and health insurance prima facie rates	
	R 550.214	Deviation procedures	
Credibility	R 550.214	Credibility shall be determined in accordance with appendix E of R 550.221.	
SUPPORTING DATA	R 550.210	If any insurer files for approval of any form providing coverage other than that described in R 550.111 and R 550.112, the insurer shall demonstrate that the rates to be charged for such coverage are actuarially consistent with the applicable prima facie rates.	
OTHER	MCLA 550.614	If the commissioner notifies the insurer that the form does not comply with this subsection, it is unlawful thereafter for such insurer to issue or use such form. In such notice, the commissioner shall specify the reason for his disapproval and state that a hearing will be granted within 20 days after request in writing by the insurer.	

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	MCLA 550.615	The commissioner, at any time after a hearing, of not less than 20 days written notice to the insurer, may withdraw his approval of any such form on any of such grounds. It is not lawful for the insurer to issue such forms or use them after the effective date of such withdrawal of approval.	